

AMENDMENTS TO LB 1147

Introduced by Nebraska Retirement Systems.

1 1. Strike the original sections and insert the following
2 new sections:

3 Section 1. Section 23-2306, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 23-2306 (1) The membership of the retirement system shall
6 be composed of all persons who are or were employed by member
7 counties and who maintain an account balance with the retirement
8 system.

9 (2) The following employees of member counties are
10 authorized to participate in the retirement system: (a) All
11 permanent full-time employees shall begin participation in the
12 retirement system upon employment and full-time elected officials
13 shall begin participation in the retirement system upon taking
14 office, (b) all permanent part-time employees who have attained
15 the age of twenty years may exercise the option to begin
16 participation in the retirement system, and (c) all part-time
17 elected officials may exercise the option to begin participation
18 in the retirement system. An employee who exercises the option to
19 begin participation in the retirement system shall remain in the
20 system until termination or retirement, regardless of any change of
21 status as a permanent or temporary employee.

22 (3) Within the first thirty days of employment, a
23 full-time employee may apply to the board for vesting credit

1 for years of participation in another Nebraska governmental plan,
2 as defined by section 414(d) of the Internal Revenue Code. During
3 the years of participation in the other Nebraska governmental plan,
4 the employee must have been a full-time employee, as defined in
5 the Nebraska governmental plan in which the credit was earned. The
6 board may adopt and promulgate rules and regulations governing the
7 assessment and granting of vesting credit.

8 (4) Any employee who qualifies for membership in the
9 retirement system pursuant to this section may not be disqualified
10 from membership in the retirement system solely because such
11 employee also maintains separate employment which qualifies the
12 employee for membership in another public retirement system,
13 nor may membership in this retirement system disqualify such an
14 employee from membership in another public retirement system solely
15 by reason of separate employment which qualifies such employee for
16 membership in this retirement system.

17 (5) A full-time or part-time employee of a city, village,
18 or township who becomes a county employee pursuant to a merger
19 of services shall receive vesting credit for his or her years
20 of participation in a Nebraska governmental plan, as defined by
21 section 414(d) of the Internal Revenue Code, of the city, village,
22 or township.

23 (6) A full-time or part-time employee of a city, village,
24 fire protection district, or township who becomes a municipal
25 county employee shall receive credit for his or her years of
26 employment with the city, village, fire protection district, or
27 township for purposes of the vesting provisions of this section.

1 (7) Counties shall ensure that employees authorized to
2 participate in the retirement system pursuant to this section
3 shall enroll and make required contributions to the retirement
4 system ~~within sixty days under rules and regulations adopted and~~
5 ~~promulgated by the board.~~ immediately upon becoming an employee.
6 Information necessary to determine membership in the retirement
7 system shall be provided by the employer.

8 Sec. 2. Section 23-2309.01, Revised Statutes Cumulative
9 Supplement, 2006, is amended to read:

10 23-2309.01 (1) Each member employed and participating in
11 the retirement system prior to January 1, 2003, who has elected
12 not to participate in the cash balance benefit, shall be allowed
13 to allocate all contributions to his or her employee account to
14 various investment options. The investment options shall include,
15 but not be limited to, the following:

16 (a) An investor select account which shall be invested
17 under the direction of the state investment officer with an asset
18 allocation and investment strategy substantially similar to the
19 investment allocations made by the state investment officer for
20 the defined benefit plans under the retirement systems described
21 in subdivision (1)(a) of section 84-1503. Investments shall most
22 likely include domestic and international equities, fixed income
23 investments, and real estate, as well as potentially additional
24 asset classes;

25 (b) A stable return account which shall be invested by or
26 under the direction of the state investment officer in one or more
27 guaranteed investment contracts;

1 (c) An equities account which shall be invested by or
2 under the direction of the state investment officer in equities;

3 (d) A balanced account which shall be invested by or
4 under the direction of the state investment officer in equities and
5 fixed income instruments;

6 (e) An index fund account which shall be invested by or
7 under the direction of the state investment officer in a portfolio
8 of common stocks designed to closely duplicate the total return of
9 the Standard and Poor's 500 Index;

10 (f) A fixed income account which shall be invested by or
11 under the direction of the state investment officer in fixed income
12 instruments;

13 (g) A money market account which shall be invested by or
14 under the direction of the state investment officer in short-term
15 fixed income securities; and

16 (h) Beginning July 1, 2006, an age-based account which
17 shall be invested under the direction of the state investment
18 officer with an asset allocation and investment strategy that
19 changes based upon the age of the member. The board shall
20 develop an account mechanism that changes the investments as
21 the employee nears retirement age. The asset allocation and asset
22 classes utilized in the investments shall move from aggressive, to
23 moderate, and then to conservative as retirement age approaches.

24 If a member fails to select an option or combination of
25 options, all of his or her funds shall be placed in the option
26 described in subdivision (b) of this subsection. Each member shall
27 be given a detailed current description of each investment option

1 prior to making or revising his or her allocation.

2 (2) Members of the retirement system may allocate their
3 contributions to the investment options in percentage increments as
4 set by the board in any proportion, including full allocation to
5 any one option. A member under subdivision (1) of section 23-2321
6 or his or her beneficiary may transfer any portion of his or her
7 funds among the options, except for restrictions on transfers to or
8 from the stable return account pursuant to rule or regulation. The
9 board shall adopt and promulgate rules and regulations for changes
10 of a member's allocation of contributions to his or her accounts
11 after his or her most recent allocation and for transfers from one
12 investment account to another.

13 (3) The board shall develop a schedule for the allocation
14 of administrative costs of maintaining the various investment
15 options and shall assess the costs so that each member pays a
16 reasonable fee as determined by the board. The money forfeited
17 pursuant to section 23-2319.01 shall not be used to pay the
18 administrative costs incurred pursuant to this section.

19 (4) In order to carry out this section, the board
20 may enter into administrative services agreements for accounting
21 or record-keeping services. No agreement shall be entered into
22 unless the board determines that it will result in administrative
23 economy and will be in the best interests of the county and its
24 participating employees.

25 (5) The state, the board, the state investment officer,
26 the members of the Nebraska Investment Council, or the county
27 shall not be liable for any investment results resulting from

1 the member's exercise of control over the assets in the employee
2 account.

3 Sec. 3. Section 23-2310.05, Revised Statutes Cumulative
4 Supplement, 2006, is amended to read:

5 23-2310.05 (1) Each member employed and participating in
6 the retirement system prior to January 1, 2003, who has elected
7 not to participate in the cash balance benefit, shall be allowed
8 to allocate all contributions to his or her employer account to
9 various investment options. Such investment options shall be the
10 same as the investment options of the employee account as provided
11 in subsection (1) of section 23-2309.01. If a member fails to
12 select an option or combination of options, all of his or her funds
13 in the employer account shall be placed in the balanced account
14 option described in subdivision (1)(d) of section 23-2309.01.
15 Each member shall be given a detailed current description of
16 each investment option prior to making or revising his or her
17 allocation.

18 (2) Each member of the retirement system may allocate
19 contributions to his or her employer account to the investment
20 options in percentage increments as set by the board in any
21 proportion, including full allocation to any one option. A member
22 under subdivision (1) of section 23-2321 or his or her beneficiary
23 may transfer any portion of his or her funds among the options. The
24 board shall adopt and promulgate rules and regulations for changes
25 of a member's allocation of contributions to his or her accounts
26 after his or her most recent allocation and for transfers from one
27 investment account to another.

1 (3) The board shall develop a schedule for the allocation
2 of administrative costs of maintaining the various investment
3 options and shall assess the costs so that each member pays a
4 reasonable fee as determined by the board. The money forfeited
5 pursuant to section 23-2319.01 shall not be used to pay the
6 administrative costs incurred pursuant to this section.

7 (4) In order to carry out the provisions of this section,
8 the board may enter into administrative services agreements for
9 accounting or record-keeping services. No agreement shall be
10 entered into unless the board determines that it will result
11 in administrative economy and will be in the best interests of the
12 state and participating employees.

13 (5) The state, the board, the state investment officer,
14 the members of the Nebraska Investment Council, or the county
15 shall not be liable for any investment results resulting from
16 the member's exercise of control over the assets in the employer
17 account.

18 Sec. 4. Section 23-2320, Revised Statutes Supplement,
19 2007, is amended to read:

20 23-2320 (1) Except as otherwise provided in this section,
21 a member of the retirement system who has a five-year break in
22 service shall upon reemployment be considered a new employee with
23 respect to the County Employees Retirement Act and shall not
24 receive credit for service prior to his or her reemployment date.

25 (2) (a) A member who ceases to be an employee before
26 becoming eligible for retirement under section 23-2315 and again
27 becomes a permanent full-time or permanent part-time county

1 employee prior to having a five-year break in service shall
2 immediately be reenrolled in the retirement system and resume
3 making contributions. ~~under rules and regulations adopted by the~~
4 ~~board.~~ For purposes of vesting employer contributions made prior to
5 and after the reentry into the retirement system under subsection
6 (3) of section 23-2319, years of participation include years of
7 participation prior to such employee's original termination. For a
8 member who is not vested and has received a termination benefit
9 pursuant to section 23-2319, the years of participation prior
10 to such employee's original termination shall be limited in a
11 ratio equal to the amount that the member repays divided by the
12 termination benefit withdrawn pursuant to section 23-2319.

13 (b) The reemployed member may repay the value of, or
14 a portion of the value of, the termination benefit withdrawn
15 pursuant to section 23-2319. A reemployed member who elects to
16 repay all or a portion of the value of the termination benefit
17 withdrawn pursuant to section 23-2319 shall repay the actual
18 earnings on such value. Repayment of the termination benefit shall
19 commence within three years of reemployment and shall be completed
20 within five years of reemployment or prior to termination of
21 employment, whichever occurs first, through (i) direct payments to
22 the retirement system, (ii) installment payments made pursuant to
23 a binding irrevocable payroll deduction authorization made by the
24 member, (iii) an eligible rollover distribution as provided under
25 the Internal Revenue Code, or (iv) a direct rollover distribution
26 made in accordance with section 401(a)(31) of the Internal Revenue
27 Code.

1 (c) The value of the member's forfeited employer account
2 or employer cash balance account, as of the date of forfeiture,
3 shall be restored in a ratio equal to the amount of the benefit
4 that the member has repaid divided by the termination benefit
5 received. The employer account or employer cash balance account
6 shall be restored first out of the current forfeiture amounts and
7 then by additional employer contributions.

8 (3) For a member who retired pursuant to section 23-2315
9 and becomes a permanent full-time employee or permanent part-time
10 employee with a county under the County Employees Retirement Act
11 more than one hundred twenty days after his or her retirement
12 date, the member shall continue receiving retirement benefits. Such
13 a retired member or a retired member who received a lump-sum
14 distribution of his or her benefit shall be considered a new
15 employee as of the date of reemployment and shall not receive
16 credit for any service prior to the member's retirement for
17 purposes of the act.

18 (4) A member who is reinstated as an employee pursuant to
19 a grievance or appeal of his or her termination by the county shall
20 be a member upon reemployment and shall not be considered to have
21 a break in service for such period of time that the grievance or
22 appeal was pending.

23 Sec. 5. Section 24-710.07, Revised Statutes Cumulative
24 Supplement, 2006, is amended to read:

25 24-710.07 (1) Beginning July 1, 2000, and each July 1
26 thereafter, current benefits paid to a member or beneficiary shall
27 be adjusted so that the purchasing power of the benefit being

1 paid is not less than seventy-five percent of the purchasing power
2 of the initial benefit. The amount of the adjustment shall be
3 equal to the difference in the percentage change in the Consumer
4 Price Index for Urban Wage Earners and Clerical Workers during the
5 benefit payment period and one hundred thirty-three and one-third
6 percent, such percentage times the initial benefit, less the total
7 of all previous supplemental benefit and cost-of-living adjustments
8 granted. The purchasing power of the initial benefit in any year
9 following the year in which the initial benefit commenced shall be
10 calculated by dividing the United States Department of Labor Bureau
11 of Labor Statistics Consumer Price Index for Urban Wage Earners
12 and Clerical Workers factor on June 30 of the current year by the
13 Consumer Price Index for Urban Wage Earners and Clerical Workers
14 factor on June 30 of the year in which the benefit commenced.
15 The result shall be multiplied by the product that results when
16 the amount of the initial benefit is multiplied by seventy-five
17 percent. In any year in which applying the adjustment provided in
18 subsection (2) of this section results in a benefit which would
19 be less than seventy-five percent of the purchasing power of the
20 initial benefit as calculated above, the adjustment shall instead
21 be equal to the percentage change in the Consumer Price Index for
22 Urban Wage Earners and Clerical Workers factor from the prior year
23 to the current year. In all other years, the adjustment provided
24 under subsection (2) of this section shall be provided. The
25 adjustment pursuant to this subsection shall not cause a current
26 benefit to be reduced.

27 ~~(2)(a)~~ (2) Except as provided in subsection (1) of this

1 section:

2 (a) Beginning July 1, 2000, and until July 1, 2001, the
3 current benefit of a member or the beneficiary of such a member
4 shall be increased annually by the lesser of (i) the percentage
5 change in the Consumer Price Index for Urban Wage Earners and
6 Clerical Workers factor published by the Bureau of Labor Statistics
7 of the United States Department of Labor for the prior year or (ii)
8 two percent.

9 (b) Beginning July 1, 2001, the current benefit of a
10 member or the beneficiary of such a member shall be increased
11 annually by the lesser of (i) the percentage change in the Consumer
12 Price Index for Urban Wage Earners and Clerical Workers factor
13 published by the Bureau of Labor Statistics of the United States
14 Department of Labor for the prior year or (ii) two and one-half
15 percent.

16 (3) The state shall contribute to the Nebraska Retirement
17 Fund for Judges an annual level dollar payment certified by the
18 board. For the 1996-97 fiscal year through the 2010-11 fiscal year,
19 the annual level dollar payment certified by the board shall equal
20 1.04778 percent of six million eight hundred ninety-five thousand
21 dollars.

22 (4) The board shall adjust the annual benefit adjustment
23 provided in this section so that the total amount of all
24 cost-of-living adjustments provided to the eligible retiree at
25 the time of the annual benefit adjustment does not exceed the
26 percentage change in the National Consumer Price Index for Urban
27 Wage Earners and Clerical Workers factor published by the Bureau

1 of Labor Statistics for the period between June 30 of the prior
2 year to June 30 of the present year. If the consumer price index
3 used in this section is discontinued or replaced, a substitute
4 index published by the United States Department of Labor shall be
5 selected by the board which shall be a reasonable representative
6 measurement of the cost of living for retired employees.

7 Sec. 6. Section 24-710.10, Revised Statutes Cumulative
8 Supplement, 2006, is amended to read:

9 24-710.10 The minimum accrual rate is thirty-five dollars
10 until adjusted pursuant to this section. Commencing June 30, 1999,
11 the retirement board shall annually adjust the minimum accrual
12 rate to reflect the cumulative percentage change in the National
13 Consumer Price Index for Urban Wage Earners and Clerical Workers
14 factor published by the Bureau of Labor Statistics of the United
15 States Department of Labor from the last adjustment of the minimum
16 accrual rate.

17 Sec. 7. Section 79-947.01, Revised Statutes Supplement,
18 2007, is amended to read:

19 79-947.01 (1) Beginning July 1, 2000, and each July 1
20 thereafter, current benefits paid to a member or beneficiary shall
21 be adjusted so that the purchasing power of the benefit being
22 paid is not less than seventy-five percent of the purchasing power
23 of the initial benefit. ~~The amount of the adjustment shall be~~
24 ~~equal to the difference in the percentage change in the Consumer~~
25 ~~Price Index for Urban Wage Earners and Clerical Workers during the~~
26 ~~benefit payment period and one hundred thirty-three and one-third~~
27 ~~percent, such percentage times the initial benefit, less the total~~

1 of all ~~previous supplemental benefit and cost-of-living~~ adjustments
2 ~~granted.~~ The purchasing power of the initial benefit in any year
3 following the year in which the initial benefit commenced shall be
4 calculated by dividing the United States Department of Labor Bureau
5 of Labor Statistics Consumer Price Index for Urban Wage Earners
6 and Clerical Workers factor on June 30 of the current year by the
7 Consumer Price Index for Urban Wage Earners and Clerical Workers
8 factor on June 30 of the year in which the benefit commenced.
9 The result shall be multiplied by the product that results when
10 the amount of the initial benefit is multiplied by seventy-five
11 percent. In any year in which applying the adjustment provided in
12 subsection (2) of this section results in a benefit which would
13 be less than seventy-five percent of the purchasing power of the
14 initial benefit as calculated above, the adjustment shall instead
15 be equal to the percentage change in the Consumer Price Index for
16 Urban Wage Earners and Clerical Workers factor from the prior year
17 to the current year. In all other years, the adjustment provided
18 under subsection (2) of this section shall be provided. The
19 adjustment pursuant to this subsection shall not cause a current
20 benefit to be reduced.

21 ~~(2)(a)~~ (2) Except as provided in subsection (1) of this
22 section:

23 (a) Beginning July 1, 2000, and until July 1, 2001, the
24 current benefit of a member or the beneficiary of such a member
25 shall be increased annually by the lesser of (i) the percentage
26 change in the Consumer Price Index for Urban Wage Earners and
27 Clerical Workers factor published by the Bureau of Labor Statistics

1 of the United States Department of Labor for the prior year or (ii)
2 two percent.

3 (b) Beginning July 1, 2001, the current benefit to a
4 member or the beneficiary of such a member shall be increased
5 annually by the lesser of (i) the percentage change in the Consumer
6 Price Index for Urban Wage Earners and Clerical Workers factor
7 published by the Bureau of Labor Statistics of the United States
8 Department of Labor for the prior year or (ii) two and one-half
9 percent.

10 (3) The state shall contribute to the Annuity Reserve
11 Fund an annual level dollar payment certified by the board. For
12 the 1996-97 fiscal year through the 2010-11 fiscal year, the annual
13 level dollar payment certified by the board shall equal 81.7873
14 percent of six million eight hundred ninety-five thousand dollars.

15 (4) The retirement board shall adjust the annual benefit
16 adjustment provided in this section so that the total amount of
17 all cost-of-living adjustments provided to the eligible retiree
18 at the time of the annual benefit adjustment does not exceed the
19 percentage change in the National Consumer Price Index for Urban
20 Wage Earners and Clerical Workers factor published by the Bureau
21 of Labor Statistics for the period between June 30 of the prior
22 year to June 30 of the present year. If the consumer price index
23 used in this section is discontinued or replaced, a substitute
24 index published by the United States Department of Labor shall be
25 selected by the board which shall be a reasonable representative
26 measurement of the cost of living for retired employees.

27 (5) In addition to the adjustments provided in

1 subsections (1), (2), and (4) of this section, the current benefit
2 to a member or beneficiary of such member, and for which the first
3 payment was dated on or before June 30, 2007, shall be subject to
4 adjustment of the greater of (a) the annuity payable to the member
5 or beneficiary as adjusted, if applicable, under the provisions
6 of subsection (1), (2), or (4) of this section or (b) eighty-five
7 percent of the annuity which results when the original annuity that
8 was paid to the member or beneficiary, before any cost-of-living
9 adjustments under this section, is adjusted by the increase in the
10 Consumer Price Index for Urban Wage Earners and Clerical Workers
11 for the period between the commencement date of the annuity and
12 June 30, 2007.

13 Sec. 8. Section 79-947.04, Reissue Revised Statutes of
14 Nebraska, is amended to read:

15 79-947.04 The minimum accrual rate is eighteen dollars
16 until adjusted pursuant to this section. Commencing June 30, 1999,
17 the retirement board shall annually adjust the minimum accrual
18 rate to reflect the cumulative percentage change in the National
19 Consumer Price Index for Urban Wage Earners and Clerical Workers
20 factor published by the Bureau of Labor Statistics of the United
21 States Department of Labor from the last adjustment of the minimum
22 accrual rate.

23 Sec. 9. Section 81-2027.03, Revised Statutes Cumulative
24 Supplement, 2006, is amended to read:

25 81-2027.03 (1) Beginning July 1, 2000, and each July
26 1 thereafter, current benefits paid to a member or beneficiary
27 shall be adjusted so that the purchasing power of the benefit

1 being paid is not less than sixty percent of the purchasing power
2 of the initial benefit. The amount of the adjustment shall be
3 equal to the difference in the percentage change in the Consumer
4 Price Index for Urban Wage Earners and Clerical Workers during the
5 benefit payment period and one hundred sixty-six and two-thirds
6 percent, such percentage times the initial benefit, less the total
7 of all previous supplemental benefit and cost-of-living adjustments
8 granted. The purchasing power of the initial benefit in any year
9 following the year in which the initial benefit commenced shall be
10 calculated by dividing the United States Department of Labor Bureau
11 of Labor Statistics Consumer Price Index for Urban Wage Earners
12 and Clerical Workers factor on June 30 of the current year by the
13 Consumer Price Index for Urban Wage Earners and Clerical Workers
14 factor on June 30 of the year in which the benefit commenced. The
15 result shall be multiplied by the product that results when the
16 amount of the initial benefit is multiplied by sixty percent. In
17 any year in which applying the adjustment provided in subsection
18 (2) of this section results in a benefit which would be less
19 than sixty percent of the purchasing power of the initial benefit
20 as calculated above, the adjustment shall instead be equal to
21 the percentage change in the Consumer Price Index for Urban Wage
22 Earners and Clerical Workers factor from the prior year to the
23 current year. In all other years, the adjustment provided under
24 subsection (2) of this section shall be provided. The adjustment
25 pursuant to this subsection shall not cause a current benefit to be
26 reduced.

27 ~~(2)(a)~~ Except as provided in subsection (1) of this

1 section:

2 (a) Beginning July 1, 2000, and until July 1, 2001, the
3 current benefit of a member or the beneficiary of such a member
4 shall be increased annually by the lesser of (i) the percentage
5 change in the Consumer Price Index for Urban Wage Earners and
6 Clerical Workers factor published by the Bureau of Labor Statistics
7 of the United States Department of Labor for the prior year or (ii)
8 two percent.

9 (b) Beginning July 1, 2001, the current benefit of a
10 member or the beneficiary of such a member shall be increased
11 annually by the lesser of (i) the percentage change in the Consumer
12 Price Index for Urban Wage Earners and Clerical Workers factor
13 published by the Bureau of Labor Statistics of the United States
14 Department of Labor for the prior year or (ii) two and one-half
15 percent.

16 (3) The state shall contribute to the State Patrol
17 Retirement Fund an annual level dollar payment certified by the
18 board. For the 1996-97 fiscal year through the 2010-11 fiscal year,
19 the annual level dollar payment certified by the board shall equal
20 3.04888 percent of six million eight hundred ninety-five thousand
21 dollars.

22 (4) The board shall adjust the annual benefit adjustment
23 provided in this section so that the total amount of all
24 cost-of-living adjustments provided to the eligible retiree at
25 the time of the annual benefit adjustment does not exceed the
26 percentage change in the National Consumer Price Index for Urban
27 Wage Earners and Clerical Workers factor published by the Bureau

1 of Labor Statistics for the period between June 30 of the prior
2 year to June 30 of the present year. If the consumer price index
3 used in this section is discontinued or replaced, a substitute
4 index published by the United States Department of Labor shall be
5 selected by the board which shall be a reasonable representative
6 measurement of the cost of living for retired employees.

7 Sec. 10. Section 81-2027.06, Reissue Revised Statutes of
8 Nebraska, is amended to read:

9 81-2027.06 The minimum accrual rate is thirty dollars
10 until adjusted pursuant to this section. Commencing June 30, 1999,
11 the retirement board shall annually adjust the minimum accrual
12 rate to reflect the cumulative percentage change in the National
13 Consumer Price Index for Urban Wage Earners and Clerical Workers
14 factor published by the Bureau of Labor Statistics of the United
15 States Department of Labor from the last adjustment of the minimum
16 accrual rate.

17 Sec. 11. Section 84-1307, Revised Statutes Cumulative
18 Supplement, 2006, is amended to read:

19 84-1307 (1) The membership of the retirement system shall
20 be composed of all persons who are or were employed by the State
21 of Nebraska and who maintain an account balance with the retirement
22 system.

23 (2) The following employees of the State of Nebraska
24 are authorized to participate in the retirement system: (a) All
25 permanent full-time employees shall begin participation in the
26 retirement system upon employment; and (b) all permanent part-time
27 employees who have attained the age of twenty years may exercise

1 the option to begin participation in the retirement system. An
2 employee who exercises the option to begin participation in the
3 retirement system pursuant to this section shall remain in the
4 retirement system until his or her termination of employment or
5 retirement, regardless of any change of status as a permanent or
6 temporary employee.

7 (3) For purposes of this section, (a) permanent full-time
8 employees includes employees of the Legislature or Legislative
9 Council who work one-half or more of the regularly scheduled
10 hours during each pay period of the legislative session and (b)
11 permanent part-time employees includes employees of the Legislature
12 or Legislative Council who work less than one-half of the regularly
13 scheduled hours during each pay period of the legislative session.

14 (4) Within the first thirty days of employment, a
15 full-time employee may apply to the board for vesting credit
16 for years of participation in another Nebraska governmental plan,
17 as defined by section 414(d) of the Internal Revenue Code. During
18 the years of participation in the other Nebraska governmental plan,
19 the employee must have been a full-time employee, as defined in
20 the Nebraska governmental plan in which the credit was earned. The
21 board may adopt and promulgate rules and regulations governing the
22 assessment and granting of vesting credit.

23 (5) Any employee who qualifies for membership in the
24 retirement system pursuant to this section may not be disqualified
25 for membership in the retirement system solely because such
26 employee also maintains separate employment which qualifies the
27 employee for membership in another public retirement system,

1 nor may membership in this retirement system disqualify such an
2 employee from membership in another public employment system solely
3 by reason of separate employment which qualifies such employee for
4 membership in this retirement system.

5 (6) State agencies shall ensure that employees authorized
6 to participate in the retirement system pursuant to this section
7 shall enroll and make required contributions to the retirement
8 system ~~within sixty days under rules and regulations adopted and~~
9 ~~promulgated by the board.~~ immediately upon becoming an employee.
10 Information necessary to determine membership in the retirement
11 system shall be provided by the employer.

12 Sec. 12. Section 84-1310.01, Revised Statutes Cumulative
13 Supplement, 2006, is amended to read:

14 84-1310.01 (1) Each member employed and participating in
15 the retirement system prior to January 1, 2003, who has elected
16 not to participate in the cash balance benefit, shall be allowed
17 to allocate all contributions to his or her employee account to
18 various investment options. Such investment options shall include,
19 but not be limited to, the following:

20 (a) An investor select account which shall be invested
21 under the direction of the state investment officer with an asset
22 allocation and investment strategy substantially similar to the
23 investment allocations made by the state investment officer for
24 the defined benefit plans under the retirement systems described
25 in subdivision (1)(a) of section 84-1503. Investments shall most
26 likely include domestic and international equities, fixed income
27 investments, and real estate, as well as potentially additional

1 asset classes;

2 (b) A stable return account which shall be invested by or
3 under the direction of the state investment officer in one or more
4 guaranteed investment contracts;

5 (c) An equities account which shall be invested by or
6 under the direction of the state investment officer in equities;

7 (d) A balanced account which shall be invested by or
8 under the direction of the state investment officer in equities and
9 fixed income instruments;

10 (e) An index fund account which shall be invested by or
11 under the direction of the state investment officer in a portfolio
12 of common stocks designed to closely duplicate the total return of
13 the Standard and Poor's 500 Index;

14 (f) A fixed income account which shall be invested by or
15 under the direction of the state investment officer in fixed income
16 instruments;

17 (g) A money market account which shall be invested by or
18 under the direction of the state investment officer in short-term
19 fixed income securities; and

20 (h) Beginning on July 1, 2006, an age-based account which
21 shall be invested under the direction of the state investment
22 officer with an asset allocation and investment strategy that
23 changes based upon the age of the member. The board shall
24 develop an account mechanism that changes the investments as
25 the employee nears retirement age. The asset allocation and asset
26 classes utilized in the investments shall move from aggressive, to
27 moderate, and then to conservative as retirement age approaches.

1 If a member fails to select an option or combination of
2 options, all of his or her funds shall be placed in the option
3 described in subdivision (b) of this subsection. Each member shall
4 be given a detailed current description of each investment option
5 prior to making or revising his or her allocation.

6 (2) Members of the retirement system may allocate their
7 contributions to the investment options in percentage increments as
8 set by the board in any proportion, including full allocation to
9 any one option. A member under subdivision (1) of section 84-1323
10 or his or her beneficiary may transfer any portion of his or her
11 funds among the options, except for restrictions on transfers to or
12 from the stable return account pursuant to rule or regulation. The
13 board shall adopt and promulgate rules and regulations for changes
14 of a member's allocation of contributions to his or her accounts
15 after his or her most recent allocation and for transfers from one
16 investment account to another.

17 (3) The board shall develop a schedule for the allocation
18 of administrative costs of maintaining the various investment
19 options and shall assess the costs so that each member pays a
20 reasonable fee as determined by the board. The money forfeited
21 pursuant to section 84-1321.01 shall not be used to pay the
22 administrative costs incurred pursuant to this section.

23 (4) In order to carry out the provisions of this section,
24 the board may enter into administrative services agreements for
25 accounting or record-keeping services. No agreement shall be
26 entered into unless the board determines that it will result
27 in administrative economy and will be in the best interests of the

1 state and its participating employees.

2 (5) The state, the board, the state investment officer,
3 the members of the Nebraska Investment Council, or the agency
4 shall not be liable for any investment results resulting from
5 the member's exercise of control over the assets in the employee
6 account.

7 Sec. 13. Section 84-1311.03, Revised Statutes Cumulative
8 Supplement, 2006, is amended to read:

9 84-1311.03 (1) Each member employed and participating in
10 the retirement system prior to January 1, 2003, who has elected
11 not to participate in the cash balance benefit, shall be allowed
12 to allocate all contributions to his or her employer account to
13 various investment options. Such investment options shall be the
14 same as the investment options of the employee account as provided
15 in subsection (1) of section 84-1310.01. If a member fails to
16 select an option or combination of options, all of his or her funds
17 in the employer account shall be placed in the balanced account
18 option described in subdivision (1)(d) of section 84-1310.01.
19 Each member shall be given a detailed current description of
20 each investment option prior to making or revising his or her
21 allocation.

22 (2) Each member of the retirement system may allocate
23 contributions to his or her employer account to the investment
24 options in percentage increments as set by the board in any
25 proportion, including full allocation to any one option. A member
26 under subdivision (1) of section 84-1323 or his or her beneficiary
27 may transfer any portion of his or her funds among the options. The

1 board shall adopt and promulgate rules and regulations for changes
2 of a member's allocation of contributions to his or her accounts
3 after his or her most recent allocation and for transfers from one
4 investment account to another.

5 (3) The board shall develop a schedule for the allocation
6 of administrative costs of maintaining the various investment
7 options and shall assess the costs so that each member pays a
8 reasonable fee as determined by the board. The money forfeited
9 pursuant to section 84-1321.01 shall not be used to pay the
10 administrative costs incurred pursuant to this section.

11 (4) In order to carry out the provisions of this section,
12 the board may enter into administrative services agreements for
13 accounting or record-keeping services. No agreement shall be
14 entered into unless the board determines that it will result
15 in administrative economy and will be in the best interests of the
16 state and its participating employees.

17 (5) The state, the board, the state investment officer,
18 the members of the Nebraska Investment Council, or the agency
19 shall not be liable for any investment results resulting from
20 the member's exercise of control over the assets in the employer
21 account.

22 Sec. 14. Section 84-1322, Revised Statutes Supplement,
23 2007, is amended to read:

24 84-1322 (1) Except as otherwise provided in this section,
25 a member of the retirement system who has a five-year break in
26 service shall upon reemployment be considered a new employee with
27 respect to the State Employees Retirement Act and shall not receive

1 credit for service prior to his or her reemployment date.

2 (2) (a) A member who ceases to be an employee before
3 becoming eligible for retirement under section 84-1317 and again
4 becomes a permanent full-time or permanent part-time state employee
5 prior to having a five-year break in service shall immediately
6 be reenrolled in the retirement system and resume making
7 contributions ~~under rules and regulations established by the~~
8 ~~board~~. For purposes of vesting employer contributions made prior
9 to and after reentry into the retirement system under subsection
10 (3) of section 84-1321, years of participation include years of
11 participation prior to such employee's original termination. For a
12 member who is not vested and has received a termination benefit
13 pursuant to section 84-1321, the years of participation prior
14 to such employee's original termination shall be limited in a
15 ratio equal to the amount that the member repays divided by the
16 termination benefit withdrawn pursuant to section 84-1321. This
17 subsection shall apply whether or not the person was a state
18 employee on April 20, 1986, or July 17, 1986.

19 (b) The reemployed member may repay the value of, or a
20 portion of the value of, the termination benefit withdrawn pursuant
21 to section 84-1321. A reemployed member who elects to repay all
22 or a portion of the value of the termination benefit withdrawn
23 pursuant to section 84-1321 shall repay the actual earnings on
24 such value. Repayment of the termination benefit shall commence
25 within three years after reemployment and shall be completed
26 within five years after reemployment or prior to termination of
27 employment, whichever occurs first, through (i) direct payments to

1 the retirement system, (ii) installment payments made pursuant to
2 a binding irrevocable payroll deduction authorization made by the
3 member, (iii) an eligible rollover distribution as provided under
4 the Internal Revenue Code, or (iv) a direct rollover distribution
5 made in accordance with section 401(a)(31) of the Internal Revenue
6 Code.

7 (c) The value of the member's forfeited employer account
8 or employer cash balance account, as of the date of forfeiture,
9 shall be restored in a ratio equal to the amount of the benefit
10 that the member has repaid divided by the termination benefit
11 received. The employer account or employer cash balance account
12 shall be restored first out of the current forfeiture amounts and
13 then by additional employer contributions.

14 (3) For a member who retired pursuant to section 84-1317
15 and becomes a permanent full-time employee or permanent part-time
16 employee with the state more than one hundred twenty days after
17 his or her retirement date, the member shall continue receiving
18 retirement benefits. Such a retired member or a retired member who
19 received a lump-sum distribution of his or her benefit shall be
20 considered a new employee as of the date of reemployment and shall
21 not receive credit for any service prior to the member's retirement
22 for purposes of the act.

23 (4) A member who is reinstated as an employee pursuant to
24 a grievance or appeal of his or her termination by the state shall
25 be a member upon reemployment and shall not be considered to have
26 a break in service for such period of time that the grievance or
27 appeal was pending.

1 Sec. 15. Original sections 79-947.04 and 81-2027.06,
2 Reissue Revised Statutes of Nebraska, sections 23-2306, 23-2309.01,
3 23-2310.05, 24-710.07, 24-710.10, 81-2027.03, 84-1307, 84-1310.01,
4 and 84-1311.03, Revised Statutes Cumulative Supplement, 2006,
5 and sections 23-2320, 79-947.01, and 84-1322, Revised Statutes
6 Supplement, 2007, are repealed.